

CITY OF MEDICINE LODGE, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Medicine Lodge, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Medicine Lodge, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the City of Medicine Lodge, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Medicine Lodge, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Medicine Lodge, Kansas as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget and individual fund schedules of regulatory basis receipts and expenditures (Schedule 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Medicine Lodge, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated November 14, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2018 column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

October 29, 2020

CITY OF MEDICINE LODGE, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended December 31, 2019

| <u>Fund</u> | <u>Beginning unencumbered cash balance</u> | <u>Prior year canceled encumbrances</u> |
|---|--|---|
| General fund: | | |
| General | \$ 192,225 | \$ - |
| Special purpose funds: | | |
| Tourism | 19,754 | - |
| Library | 360 | - |
| Special highway | 245,479 | - |
| Special parks and recreation | 13,108 | - |
| Community improvement district | 312,523 | - |
| Municipal equipment reserve | 831,525 | - |
| Capital improvements reserve | 782,432 | - |
| Public Building Commission | 2,594 | - |
| Total special purpose funds | <u>2,207,775</u> | <u>-</u> |
| Bond and interest fund: | | |
| Bond and interest | 18,034 | - |
| Capital project fund: | | |
| Sidewalk improvement | 11,151 | - |
| Business funds: | | |
| Water utility | 1,130,900 | - |
| Sewer utility | 113,149 | - |
| Solid waste utility | 62 | - |
| Waterworks depreciation and maintenance reserve | 821,407 | - |
| Sewer plant O-M-R | 89,476 | - |
| Total business funds | <u>2,154,994</u> | <u>-</u> |
| Total | <u>\$ 4,584,179</u> | <u>\$ -</u> |

Composition of cash balance:

 Demand deposits
 Certificates of deposit

Total cash

The notes to the financial statement are an integral part of this statement.

Statement 1

| <u>Receipts</u> | <u>Expenditures</u> | <u>Ending unencumbered cash balance</u> | <u>Add encumbrances and accounts payable</u> | <u>Ending cash balance</u> |
|---------------------|---------------------|---|--|--------------------------------|
| \$ 1,664,580 | \$ 1,633,097 | \$ 223,708 | \$ 78,601 | \$ 302,309 |
| 16,203 | 15,500 | 20,457 | - | 20,457 |
| 114,939 | 115,299 | - | - | - |
| 51,409 | 127,241 | 169,647 | 65,011 | 234,658 |
| 9,510 | - | 22,618 | - | 22,618 |
| 230,678 | 191,322 | 351,879 | - | 351,879 |
| 28,000 | 97,910 | 761,615 | 36,444 | 798,059 |
| 197,370 | 18,066 | 961,736 | 9,200 | 970,936 |
| 112,415 | 112,449 | 2,560 | - | 2,560 |
| <u>760,524</u> | <u>677,787</u> | <u>2,290,512</u> | <u>110,655</u> | <u>2,401,167</u> |
| - | - | 18,034 | - | 18,034 |
| - | - | 11,151 | - | 11,151 |
| 1,054,393 | 1,015,915 | 1,169,378 | 16,857 | 1,186,235 |
| 472,082 | 480,870 | 104,361 | 14,731 | 119,092 |
| 345,290 | 344,420 | 932 | 27,664 | 28,596 |
| 85,000 | 97,676 | 808,731 | 24,500 | 833,231 |
| - | 40,000 | 49,476 | - | 49,476 |
| <u>1,956,765</u> | <u>1,978,881</u> | <u>2,132,878</u> | <u>83,752</u> | <u>2,216,630</u> |
| <u>\$ 4,381,869</u> | <u>\$ 4,289,765</u> | <u>\$ 4,676,283</u> | <u>\$ 273,008</u> | <u>\$ 4,949,291</u> |
| | | | | \$ 3,704,291 |
| | | | | <u>1,245,000</u> |
| | | | | <u>\$ 4,949,291</u> |

CITY OF MEDICINE LODGE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Medicine Lodge is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Medicine Lodge (the municipality) and the Public Building Commission (part of the municipality). The Lincoln Library, a related municipal entity, has not been included in the City's reporting entity.

Public Building Commission. The Commission was authorized by City Ordinance No. 818, pursuant to K.S.A 12-1757 et. seq., and all amendments thereto, and as amended, supplemented, and limited by the City of Medicine Lodge, Kansas Charter Ordinance No. 17 establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special purpose fund.

Lincoln Library. The members of the governing board of the Library are approved by the City Council. The Library is fiscally dependent on the City because the City provides substantial financial support in the form of appropriations. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting (Continued)

REGULATORY BASIS FUND TYPES (CONTINUED)

Bond and interest fund – used to account for the accumulation of resources (including tax levies and transfers from other funds) and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal services fund, etc.).

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the utility reserve funds, capital project funds, or the Municipal Equipment Reserve, Capital Improvements Reserve, and Public Building Commission special purpose funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

B. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2019, the City's carrying amount of deposits was \$4,949,291 and the bank balance was \$4,969,774. Of the bank balance, \$252,560 was covered by federal depository insurance, \$1,400,000 was collateralized with an irrevocable letter of credit from the Federal Home Loan Bank of Topeka, and \$3,317,214 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2019, were as follows:

| <u>Issue</u> | <u>Balance beginning of year</u> | <u>Additions</u> | <u>Reductions/ payments</u> | <u>Balance end of year</u> | <u>Interest paid</u> |
|--|--|------------------|---------------------------------|------------------------------------|--------------------------|
| General obligation bonds: | | | | | |
| Refunding and improvement Issued April 1, 2013 In the amount of \$1,130,000 At interest rates of 0.80% to 2.70% Maturing September 1, 2024 | \$ 415,000 | \$ - | \$ 90,000 | \$ 325,000 | \$ 8,605 |
| CID sales tax Issued May 23, 2017 In the amount of \$1,930,000 At interest rate of 3.00% Maturing September 1, 2030 | 1,850,000 | - | 135,000 | 1,715,000 | 55,500 |
| Water system improvements Issued September 26, 2017 In the amount of \$3,732,000 At interest rate of 2.625% Maturing September 26, 2057 | <u>3,678,150</u> | <u>-</u> | <u>55,264</u> | <u>3,622,886</u> | <u>96,551</u> |
| Subtotal general obligation bonds | <u>5,943,150</u> | <u>-</u> | <u>280,264</u> | <u>5,662,886</u> | <u>160,656</u> |
| Revenue bonds: | | | | | |
| Swimming pool improvements refunding Issued October 15, 2015 In the amount of \$1,035,000 At interest rates of 1.50% to 2.50% Maturing September 1, 2026 | <u>835,000</u> | <u>-</u> | <u>95,000</u> | <u>740,000</u> | <u>17,413</u> |
| Revolving loans: | | | | | |
| Sewer plant Issued March 1, 2003 In the amount of \$2,946,766 At interest rate of 2.94% Maturing September 1, 2024 | 1,050,447 | - | 162,553 | 887,894 | 29,697 |
| Water meter upgrades Issued December 6, 2012 In the amount of \$480,596 At interest rate of 2.43% Maturing August 1, 2022 | <u>124,313</u> | <u>-</u> | <u>29,962</u> | <u>94,351</u> | <u>2,840</u> |
| Subtotal revolving loans | <u>1,174,760</u> | <u>-</u> | <u>192,515</u> | <u>982,245</u> | <u>32,537</u> |
| Total long-term debt | <u>\$7,952,910</u> | <u>\$ -</u> | <u>\$ 567,779</u> | <u>\$7,385,131</u> | <u>\$ 210,606</u> |

C. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

| | <u>Principal due</u> | <u>Interest due</u> | <u>Total due</u> |
|-----------|--------------------------|-------------------------|----------------------|
| 2020 | \$ 286,715 | \$ 153,626 | \$ 440,341 |
| 2021 | 298,203 | 146,227 | 444,430 |
| 2022 | 289,731 | 138,354 | 428,085 |
| 2023 | 261,299 | 130,446 | 391,745 |
| 2024 | 237,908 | 123,062 | 360,970 |
| 2025-2029 | 1,210,196 | 513,081 | 1,723,277 |
| 2030-2034 | 482,253 | 374,674 | 856,927 |
| 2035-2039 | 440,820 | 318,258 | 759,078 |
| 2040-2044 | 501,796 | 257,282 | 759,078 |
| 2045-2049 | 571,206 | 187,871 | 759,077 |
| 2050-2054 | 650,217 | 108,860 | 759,077 |
| 2055-2057 | <u>432,542</u> | <u>22,905</u> | <u>455,447</u> |
| Total | <u>\$ 5,662,886</u> | <u>\$ 2,474,646</u> | <u>\$ 8,137,532</u> |

Current maturities of revenue bonds and interest for the next five years and through maturity are as follows:

| | <u>Principal due</u> | <u>Interest due</u> | <u>Total due</u> |
|-----------|--------------------------|-------------------------|----------------------|
| 2020 | \$ 95,000 | \$ 15,987 | \$ 110,987 |
| 2021 | 100,000 | 14,562 | 114,562 |
| 2022 | 105,000 | 12,563 | 117,563 |
| 2023 | 105,000 | 10,463 | 115,463 |
| 2024 | 110,000 | 8,100 | 118,100 |
| 2025-2026 | <u>225,000</u> | <u>8,375</u> | <u>233,375</u> |
| Total | <u>\$ 740,000</u> | <u>\$ 70,050</u> | <u>\$ 810,050</u> |

Current maturities of revolving loans and interest through maturity are as follows:

| | <u>Principal due</u> | <u>Interest due</u> | <u>Total due</u> |
|-------|--------------------------|-------------------------|----------------------|
| 2020 | \$ 198,061 | \$ 26,991 | \$ 225,052 |
| 2021 | 203,769 | 21,283 | 225,052 |
| 2022 | 209,641 | 15,411 | 225,052 |
| 2023 | 182,682 | 9,568 | 192,250 |
| 2024 | <u>188,092</u> | <u>4,158</u> | <u>192,250</u> |
| Total | <u>\$ 982,245</u> | <u>\$ 77,411</u> | <u>\$ 1,059,656</u> |

D. INTERFUND TRANSFERS

Operating transfers:

| <u>From</u> | <u>To</u> | <u>Regulatory authority</u> | <u>Amount</u> |
|---------------------|--|-----------------------------|-------------------|
| General | Municipal equipment reserve | K.S.A. 12-1,117 | \$ 10,000 |
| General | Capital improvements reserve | K.S.A. 12-1,118 | 136,450 |
| General | Public Building Commission | Resolution | 112,413 |
| Solid waste utility | General | K.S.A. 12-825d | 15,000 |
| Water utility | General | K.S.A. 12-825d | 131,000 |
| Water utility | Municipal equipment | K.S.A. 12-1,117 | 18,000 |
| Water utility | Waterworks depreciation and maintenance res. | K.S.A. 12-825d | 85,000 |
| Water utility | Sewer utility | K.S.A. 12-825d | <u>125,000</u> |
| | | | <u>\$ 632,863</u> |

Transfer to related municipal entity:

| <u>From</u> | <u>To</u> | <u>Amount</u> |
|-------------|-----------------|-------------------|
| Library | Lincoln Library | <u>\$ 114,939</u> |

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post-employment benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and disability other post-employment benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% and contributions were \$6,232 for the year ended December 31, 2019.

Section 457 deferred compensation plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan, which is administered by a third party.

Section 125 plan. The City offers Section 125 plans to all eligible employees electing to participate. It is used for accident and cancer insurance. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

Compensated absences. The City's policy allows vacation time to accumulate to 160 hours. However, the number of hours of unused vacation that can be carried over without written authorization from the City Council varies depending on the number of continuous years of employment. The maximum number of hours eligible to be carried over is as follows: 40 hours, 0-5 years; 80 hours, 6-10 years; 120 hours, 11-15 years; 140 hours, 16-20 years; and, 160 hours, over 20 years. Sick leave may be accumulated up to 720 hours but is not paid upon termination or resignation.

F. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603), or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$55,400 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$474,254. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there have been no significant reductions in coverage.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2020, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in this financial statement:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic. Therefore, the City expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MEDICINE LODGE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

| <u>Fund</u> | <u>Certified budget</u> | <u>Adjustment for qualifying budget credits</u> | <u>Total budget for comparison</u> | <u>Expenditures chargeable to current year</u> | <u>Variance favorable (unfavorable)</u> |
|-----------------------------------|-----------------------------|---|--|--|---|
| General fund: | | | | | |
| General | \$ 1,940,814 | \$ - | \$ 1,940,814 | \$ 1,633,097 | \$ 307,717 |
| Special purpose funds: | | | | | |
| Tourism | 26,000 | - | 26,000 | 15,500 | 10,500 |
| Library | 124,204 | - | 124,204 | 115,299 | 8,905 |
| Special highway | 160,000 | - | 160,000 | 127,241 | 32,759 |
| Special parks and recreation | 10,000 | - | 10,000 | - | 10,000 |
| Community improvement district | 620,000 | - | 620,000 | 191,322 | 428,678 |
| Business funds: | | | | | |
| Water utility | 1,126,109 | - | 1,126,109 | 1,015,915 | 110,194 |
| Sewer utility | 481,433 | - | 481,433 | 480,870 | 563 |
| Solid waste utility | 353,680 | - | 353,680 | 344,420 | 9,260 |
| Total | <u>\$ 4,842,240</u> | <u>\$ -</u> | <u>\$ 4,842,240</u> | <u>\$ 3,923,664</u> | <u>\$ 918,576</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2019 | | Variance favorable (unfavorable) | |
|------------------------------------|------------------|------------------|--|-------------------|
| | 2018 | Actual | | Budget |
| Receipts: | | | | |
| Taxes and shared revenue: | | | | |
| Ad valorem property tax | \$ 665,085 | \$ 633,216 | \$ 655,636 | \$ (22,420) |
| Delinquent tax | 8,700 | 10,090 | 22,000 | (11,910) |
| Motor vehicle tax | 119,553 | 129,875 | 99,579 | 30,296 |
| Recreational vehicle tax | 1,488 | 1,485 | 1,437 | 48 |
| 16/20M tax | 6,255 | 4,998 | 5,557 | (559) |
| Special assessments | 1,870 | 2,460 | 2,500 | (40) |
| Local alcoholic liquor tax | 2,167 | 9,509 | 2,000 | 7,509 |
| Sales and use tax | 482,282 | 483,776 | 514,350 | (30,574) |
| License, permits and fees | 7,230 | 5,325 | 5,000 | 325 |
| Franchise fees | 166,534 | 144,395 | 146,000 | (1,605) |
| Fines, forfeitures and penalties | 3,758 | 5,041 | 7,000 | (1,959) |
| Charges for services | 11,341 | 9,801 | 30,800 | (20,999) |
| Interest | 52,760 | 74,269 | 36,000 | 38,269 |
| Use of property | 100 | 100 | - | 100 |
| Miscellaneous | 26,015 | 33,751 | 26,300 | 7,451 |
| Transfers: | | | | |
| Water utility | 126,000 | 131,000 | 131,000 | - |
| Solid waste utility | 15,000 | 15,000 | 17,000 | (2,000) |
| Neighborhood revitalization rebate | (42,534) | (29,511) | (28,265) | (1,246) |
| Total receipts | <u>1,653,604</u> | <u>1,664,580</u> | <u>\$ 1,673,894</u> | <u>\$ (9,314)</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Personnel | 86,265 | 86,006 | \$ 94,750 | \$ 8,744 |
| Contractual services | 81,840 | 112,902 | 66,950 | (45,952) |
| Commodities | 4,332 | 6,721 | 17,150 | 10,429 |
| Capital outlay | - | 473 | 1,700 | 1,227 |
| Economic development | 25,000 | 25,000 | 13,350 | (11,650) |
| Miscellaneous | 8,117 | 3,194 | 1,000 | (2,194) |
| | <u>205,554</u> | <u>234,296</u> | <u>194,900</u> | <u>(39,396)</u> |

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2018 | 2019 | | Variance favorable (unfavorable) |
|----------------------|----------------|----------------|----------------|--|
| | | Actual | Budget | |
| Police department: | | | | |
| Personnel | \$ 300,354 | \$ 311,676 | \$ 374,665 | \$ 62,989 |
| Contractual services | 46,352 | 30,309 | 36,975 | 6,666 |
| Commodities | 22,486 | 22,984 | 17,800 | (5,184) |
| Capital outlay | 7,353 | 4,012 | 12,500 | 8,488 |
| Miscellaneous | 2,564 | 200 | 2,000 | 1,800 |
| | <u>379,109</u> | <u>369,181</u> | <u>443,940</u> | <u>74,759</u> |
| Fire department: | | | | |
| Personnel | 505 | 172 | 900 | 728 |
| Contractual services | 19,163 | 12,814 | 10,600 | (2,214) |
| Commodities | 756 | 4,614 | 6,950 | 2,336 |
| Capital outlay | 5,726 | 2,622 | 47,095 | 44,473 |
| Debt service: | | | | |
| Principal | 32,055 | 16,200 | - | (16,200) |
| Interest | 1,792 | 1,549 | - | (1,549) |
| | <u>59,997</u> | <u>37,971</u> | <u>65,545</u> | <u>27,574</u> |
| Street department: | | | | |
| Personnel | 151,958 | 150,252 | 145,972 | (4,280) |
| Contractual services | 21,350 | 30,509 | 21,100 | (9,409) |
| Commodities | 17,886 | 21,176 | 33,750 | 12,574 |
| Capital outlay | 2,967 | 1,007 | 60,250 | 59,243 |
| Miscellaneous | 984 | 770 | - | (770) |
| | <u>195,145</u> | <u>203,714</u> | <u>261,072</u> | <u>57,358</u> |
| Swimming pool: | | | | |
| Personnel | 53,675 | 45,120 | 64,146 | 19,026 |
| Contractual services | 19,187 | 12,780 | 12,400 | (380) |
| Commodities | 3,677 | 3,882 | 14,050 | 10,168 |
| Capital outlay | 330 | 352 | 115,013 | 114,661 |
| Miscellaneous | 2,225 | 181 | 250 | 69 |
| | <u>79,094</u> | <u>62,315</u> | <u>205,859</u> | <u>143,544</u> |

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2019 | | Variance favorable (unfavorable) | |
|---|----------------|----------------|--|---------------|
| | 2018 | Actual | | Budget |
| Airport: | | | | |
| Contractual services | \$ 16,566 | \$ 35,846 | \$ 42,000 | \$ 6,154 |
| Commodities | 60 | 4,650 | 2,370 | (2,280) |
| Capital outlay | 10 | - | 200 | 200 |
| | <u>16,636</u> | <u>40,496</u> | <u>44,570</u> | <u>4,074</u> |
| Municipal court: | | | | |
| Personnel | - | - | 450 | 450 |
| Contractual services | 10,727 | 11,929 | 19,300 | 7,371 |
| Commodities | - | 67 | 100 | 33 |
| Central Government | - | 51 | 350 | 299 |
| | <u>10,727</u> | <u>12,047</u> | <u>20,200</u> | <u>8,153</u> |
| Code enforcement/animal control: | | | | |
| Contractual services | 25,938 | 18,781 | 44,125 | 25,344 |
| Commodities | 187 | 216 | 3,250 | 3,034 |
| | <u>26,125</u> | <u>18,997</u> | <u>47,375</u> | <u>28,378</u> |
| Park department: | | | | |
| Personnel | 112,103 | 118,087 | 136,368 | 18,281 |
| Contractual services | 26,334 | 20,421 | 12,850 | (7,571) |
| Commodities | 16,483 | 14,401 | 19,350 | 4,949 |
| Capital outlay | 241 | 228 | 2,450 | 2,222 |
| | <u>155,161</u> | <u>153,137</u> | <u>171,018</u> | <u>17,881</u> |
| Carrie Nation Memorial: | | | | |
| Appropriation | 12,500 | 12,500 | 12,500 | - |
| Contractual services | 4,159 | 5,928 | 2,350 | (3,578) |
| Commodities | 203 | 212 | 3,050 | 2,838 |
| Capital outlay | - | - | 2,000 | 2,000 |
| | <u>16,862</u> | <u>18,640</u> | <u>19,900</u> | <u>1,260</u> |

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2018 | 2019 | | Variance favorable (unfavorable) |
|--------------------------------------|-------------------|-------------------|---------------------|--|
| | | Actual | Budget | |
| Street lights | \$ 41,077 | \$ 40,558 | \$ 46,485 | \$ 5,927 |
| Emergency preparedness | 5,340 | 1,313 | 1,500 | 187 |
| Economic development | - | - | 25,000 | 25,000 |
| Transfers: | | | | |
| Municipal equipment reserve | 10,000 | 10,000 | 10,000 | - |
| Capital improvements reserve | 232,250 | 136,450 | 198,450 | 62,000 |
| Public Building Commission | 108,763 | 112,413 | - | (112,413) |
| Hospital appropriation | 184,567 | 181,569 | 185,000 | 3,431 |
| Total expenditures | <u>1,726,407</u> | <u>1,633,097</u> | <u>\$ 1,940,814</u> | <u>\$ 307,717</u> |
| Receipts over (under) expenditures | (72,803) | 31,483 | | |
| Unencumbered cash, beginning of year | 265,028 | 192,225 | \$ 271,921 | \$ (79,696) |
| Unencumbered cash, end of year | <u>\$ 192,225</u> | <u>\$ 223,708</u> | <u>\$ 5,001</u> | <u>\$ 218,707</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

TOURISM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | <u>2018</u> | <u>2019</u> | | <u>Variance favorable (unfavorable)</u> |
|--------------------------------------|------------------|------------------|------------------|---|
| | | <u>Actual</u> | <u>Budget</u> | |
| Receipts: | | | | |
| Taxes and shared revenue: | | | | |
| Guest tax | <u>\$ 18,042</u> | <u>\$ 16,203</u> | <u>\$ 17,500</u> | <u>\$ (1,297)</u> |
| Expenditures: | | | | |
| Contractual services | <u>-</u> | <u>-</u> | <u>\$ 1,000</u> | <u>\$ 1,000</u> |
| Donations | <u>28,000</u> | <u>15,500</u> | <u>25,000</u> | <u>9,500</u> |
| Total expenditures | <u>28,000</u> | <u>15,500</u> | <u>\$ 26,000</u> | <u>\$ 10,500</u> |
| Receipts over (under) expenditures | (9,958) | 703 | | |
| Unencumbered cash, beginning of year | <u>29,712</u> | <u>19,754</u> | <u>\$ 10,413</u> | <u>\$ 9,341</u> |
| Unencumbered cash, end of year | <u>\$ 19,754</u> | <u>\$ 20,457</u> | <u>\$ 1,913</u> | <u>\$ 18,544</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2018 | 2019 | | Variance favorable (unfavorable) |
|--------------------------------------|----------------|----------------|-------------------|--|
| | | Actual | Budget | |
| Receipts: | | | | |
| Taxes and shared revenue: | | | | |
| Ad valorem property tax | \$ 96,996 | \$ 98,129 | \$ 101,135 | \$ (3,006) |
| Delinquent tax | 1,233 | 1,498 | 10,000 | (8,502) |
| Motor vehicle tax | 17,659 | 18,941 | 14,872 | 4,069 |
| Recreational vehicle tax | 220 | 217 | 209 | 8 |
| 16/20M vehicle tax | 975 | 728 | 810 | (82) |
| Neighborhood revitalization rebate | (6,203) | (4,574) | (4,380) | (194) |
| Total receipts | <u>110,880</u> | <u>114,939</u> | <u>\$ 122,646</u> | <u>\$ (7,707)</u> |
| Expenditures: | | | | |
| Miscellaneous | - | 360 | \$ - | \$ (360) |
| Transfer to related municipal entity | <u>110,593</u> | <u>114,939</u> | <u>124,204</u> | <u>9,265</u> |
| Total expenditures | <u>110,593</u> | <u>115,299</u> | <u>\$ 124,204</u> | <u>\$ 8,905</u> |
| Receipts over (under) expenditures | 287 | (360) | | |
| Unencumbered cash, beginning of year | <u>73</u> | <u>360</u> | <u>\$ 5,058</u> | <u>\$ (4,698)</u> |
| Unencumbered cash, end of year | <u>\$ 360</u> | <u>\$ -</u> | <u>\$ 3,500</u> | <u>\$ (3,500)</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | <u>2018</u> | <u>2019</u> | | <u>Variance favorable (unfavorable)</u> |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | | <u>Actual</u> | <u>Budget</u> | |
| Receipts: | | | | |
| State of Kansas gas tax | <u>\$ 52,105</u> | <u>\$ 51,409</u> | <u>\$ 52,330</u> | <u>\$ (921)</u> |
| Expenditures: | | | | |
| Contractual services | - | 48,000 | \$ 55,000 | \$ 7,000 |
| Commodities | - | - | 50,000 | 50,000 |
| Capital outlay | - | 79,241 | 55,000 | (24,241) |
| Total expenditures | - | <u>127,241</u> | <u>\$ 160,000</u> | <u>\$ 32,759</u> |
| Receipts over (under) expenditures | 52,105 | (75,832) | | |
| Unencumbered cash, beginning of year | <u>193,374</u> | <u>245,479</u> | <u>\$ 193,374</u> | <u>\$ 52,105</u> |
| Unencumbered cash, end of year | <u>\$ 245,479</u> | <u>\$ 169,647</u> | <u>\$ 85,704</u> | <u>\$ 83,943</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | <u>2018</u> | <u>2019</u> | | <u>Variance favorable (unfavorable)</u> |
|--------------------------------------|------------------|------------------|------------------|---|
| | | <u>Actual</u> | <u>Budget</u> | |
| Receipts: | | | | |
| Local alcoholic liquor tax | \$ 2,166 | \$ 9,510 | <u>\$ 1,200</u> | <u>\$ 8,310</u> |
| Expenditures: | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>\$ 10,000</u> | <u>\$ 10,000</u> |
| Receipts over (under) expenditures | 2,166 | 9,510 | | |
| Unencumbered cash, beginning of year | <u>10,942</u> | <u>13,108</u> | <u>\$ 8,875</u> | <u>\$ 4,233</u> |
| Unencumbered cash, end of year | <u>\$ 13,108</u> | <u>\$ 22,618</u> | <u>\$ 75</u> | <u>\$ 22,543</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

COMMUNITY IMPROVEMENT DISTRICT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2018 | 2019 | | Variance favorable (unfavorable) |
|--------------------------------------|------------|------------|------------|--|
| | | Actual | Budget | |
| Receipts: | | | | |
| Sales and use tax | \$ 238,445 | \$ 230,678 | \$ 245,000 | \$ (14,322) |
| Expenditures: | | | | |
| Contractual services | 8,332 | 822 | \$ 40,000 | \$ 39,178 |
| Capital outlay | 115,468 | - | 390,000 | 390,000 |
| Debt service: | | | | |
| Principal | 80,000 | 135,000 | 190,000 | 55,000 |
| Interest | 73,662 | 55,500 | - | (55,500) |
| Total expenditures | 277,462 | 191,322 | \$ 620,000 | \$ 428,678 |
| Receipts over (under) expenditures | (39,017) | 39,356 | | |
| Unencumbered cash, beginning of year | 351,540 | 312,523 | \$ 377,768 | \$ (65,245) |
| Unencumbered cash, end of year | \$ 312,523 | \$ 351,879 | \$ 2,768 | \$ 349,111 |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019

| | Municipal equipment reserve | Capital improvements reserve | Public Building Commission | Total |
|--------------------------------------|-----------------------------------|------------------------------------|----------------------------------|---------------------|
| Receipts: | | | | |
| Grants | \$ - | \$ 60,920 | \$ - | \$ 60,920 |
| Interest | - | - | 2 | 2 |
| Transfers: | | | | |
| General | 10,000 | 136,450 | 112,413 | 258,863 |
| Water utility | 18,000 | - | - | 18,000 |
| Total receipts | <u>28,000</u> | <u>197,370</u> | <u>112,415</u> | <u>337,785</u> |
| Expenditures: | | | | |
| Contractual services | - | 18,066 | 36 | 18,102 |
| Capital outlay | 97,910 | - | - | 97,910 |
| Debt service: | | | | |
| Principal | - | - | 95,000 | 95,000 |
| Interest | - | - | 17,413 | 17,413 |
| Total expenditures | <u>97,910</u> | <u>18,066</u> | <u>112,449</u> | <u>228,425</u> |
| Receipts over (under) expenditures | (69,910) | 179,304 | (34) | 109,360 |
| Unencumbered cash, beginning of year | <u>831,525</u> | <u>782,432</u> | <u>2,594</u> | <u>1,616,551</u> |
| Unencumbered cash, end of year | <u>\$ 761,615</u> | <u>\$ 961,736</u> | <u>\$ 2,560</u> | <u>\$ 1,725,911</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | <u>2018</u> | <u>2019</u> | | <u>Variance favorable (unfavorable)</u> |
|--------------------------------------|------------------|------------------|------------------|---|
| | | <u>Actual</u> | <u>Budget</u> | |
| Receipts: | | | | |
| Taxes and shared revenue: | | | | |
| Delinquent tax | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | - | - | \$ - | \$ - |
| Receipts over (under) expenditures | - | - | | |
| Unencumbered cash, beginning of year | <u>18,034</u> | <u>18,034</u> | <u>\$ 18,534</u> | <u>\$ (500)</u> |
| Unencumbered cash, end of year | <u>\$ 18,034</u> | <u>\$ 18,034</u> | <u>\$ 18,534</u> | <u>\$ (500)</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SIDEWALK IMPROVEMENT

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | <u>2018</u> | <u>2019</u> |
|--------------------------------------|-------------------------|-------------------------|
| Receipts: | | |
| Bond proceeds | \$ - | \$ - |
| Expenditures: | | |
| Contractual services | <u>-</u> | <u>-</u> |
| Receipts over (under) expenditures | - | - |
| Unencumbered cash, beginning of year | <u>11,151</u> | <u>11,151</u> |
| Unencumbered cash, end of year | <u><u>\$ 11,151</u></u> | <u><u>\$ 11,151</u></u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2019 | | Variance favorable (unfavorable) | |
|--|---------------------|---------------------|--|--------------------|
| | 2018 | Actual | | Budget |
| Receipts: | | | | |
| Water sales | \$ 1,011,733 | \$ 981,558 | \$ 995,000 | \$ (13,442) |
| New services | 4,560 | 4,100 | 5,100 | (1,000) |
| Reconnects | 6,961 | 6,649 | 5,000 | 1,649 |
| Bulk sales | 996 | 199 | 1,000 | (801) |
| Swimming pool fee | 57,532 | 56,689 | 61,000 | (4,311) |
| Sales tax | 5,432 | 5,198 | 6,200 | (1,002) |
| Miscellaneous | 12,934 | - | - | - |
| Reimbursed expenditures | 18,214 | - | 250 | (250) |
| Total receipts | <u>1,118,362</u> | <u>1,054,393</u> | <u>\$ 1,073,550</u> | <u>\$ (19,157)</u> |
| Expenditures: | | | | |
| Personnel | 171,145 | 192,979 | \$ 277,039 | \$ 84,060 |
| Contractual services | 171,174 | 154,839 | 106,450 | (48,389) |
| Commodities | 34,087 | 29,183 | 86,900 | 57,717 |
| Capital outlay | 4,387 | 6,138 | 284,720 | 278,582 |
| Miscellaneous | 10,486 | 8,303 | 16,000 | 7,697 |
| Debt service: | | | | |
| Principal | 141,043 | 156,500 | - | (156,500) |
| Interest | 109,683 | 108,973 | - | (108,973) |
| Transfers: | | | | |
| General | 126,000 | 131,000 | 127,000 | (4,000) |
| Municipal equipment reserve | 18,000 | 18,000 | 18,000 | - |
| Waterworks depreciation and maintenance reserve | 90,000 | 85,000 | 85,000 | - |
| Sewer utility | 110,000 | 125,000 | 125,000 | - |
| Total expenditures | <u>986,005</u> | <u>1,015,915</u> | <u>\$ 1,126,109</u> | <u>\$ 110,194</u> |
| Receipts over (under) expenditures | 132,357 | 38,478 | | |
| Unencumbered cash, beginning of year | <u>998,543</u> | <u>1,130,900</u> | <u>\$ 669,694</u> | <u>\$ 461,206</u> |
| Unencumbered cash, end of year | <u>\$ 1,130,900</u> | <u>\$ 1,169,378</u> | <u>\$ 617,135</u> | <u>\$ 552,243</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2018 | 2019 | | Variance favorable (unfavorable) |
|--------------------------------------|-------------------|-------------------|-------------------|--|
| | | Actual | Budget | |
| Receipts: | | | | |
| Charges for services | \$ 351,339 | \$ 346,582 | \$ 371,000 | \$ (24,418) |
| Miscellaneous | 1,000 | 500 | - | 500 |
| Reimbursed expenditures | 425 | - | - | - |
| Transfers: | | | | |
| Water utility | 110,000 | 125,000 | 125,000 | - |
| Total receipts | <u>462,764</u> | <u>472,082</u> | <u>\$ 496,000</u> | <u>\$ (23,918)</u> |
| Expenditures: | | | | |
| Personnel | 151,036 | 128,519 | \$ 103,032 | \$ (25,487) |
| Contractual services | 126,222 | 143,666 | 104,301 | (39,365) |
| Commodities | 10,141 | 13,260 | 63,600 | 50,340 |
| Capital outlay | 792 | 2,260 | 196,250 | 193,990 |
| Miscellaneous | 1,259 | 915 | 1,250 | 335 |
| Debt service: | | | | |
| Principal | 157,877 | 165,078 | - | (165,078) |
| Interest | 34,373 | 27,172 | - | (27,172) |
| Transfers: | | | | |
| General | - | - | 12,500 | 12,500 |
| Sewer plant O-M-R | 5,000 | - | 500 | 500 |
| Municipal equipment reserve | 1,000 | - | - | - |
| Total expenditures | <u>487,700</u> | <u>480,870</u> | <u>\$ 481,433</u> | <u>\$ 563</u> |
| Receipts over (under) expenditures | (24,936) | (8,788) | | |
| Unencumbered cash, beginning of year | <u>138,085</u> | <u>113,149</u> | <u>\$ 112,931</u> | <u>\$ 218</u> |
| Unencumbered cash, end of year | <u>\$ 113,149</u> | <u>\$ 104,361</u> | <u>\$ 127,498</u> | <u>\$ (23,137)</u> |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

| | 2019 | | Variance favorable (unfavorable) | |
|--------------------------------------|------------|------------|--|-------------|
| | 2018 | Actual | | Budget |
| Receipts: | | | | |
| Charges for services | \$ 350,438 | \$ 345,290 | \$ 357,000 | \$ (11,710) |
| Expenditures: | | | | |
| Contractual services | 335,447 | 329,420 | \$ 336,680 | \$ 7,260 |
| Transfers: | | | | |
| General | 15,000 | 15,000 | 17,000 | 2,000 |
| Total expenditures | 350,447 | 344,420 | \$ 353,680 | \$ 9,260 |
| Receipts over (under) expenditures | (9) | 870 | | |
| Unencumbered cash, beginning of year | 71 | 62 | \$ 6,740 | \$ (6,678) |
| Unencumbered cash, end of year | \$ 62 | \$ 932 | \$ 10,060 | \$ (9,128) |

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019

| | Waterworks depreciation and maintenance reserve | Sewer plant O-M-R | Total |
|--------------------------------------|--|----------------------|------------|
| Receipts: | | | |
| Transfers: | | | |
| Water utility | \$ 85,000 | \$ - | \$ 85,000 |
| Expenditures: | | | |
| Contractual services | 38,048 | - | 38,048 |
| Capital outlay | 59,628 | 40,000 | 99,628 |
| Total expenditures | 97,676 | 40,000 | 137,676 |
| Receipts over (under) expenditures | (12,676) | (40,000) | (52,676) |
| Unencumbered cash, beginning of year | 821,407 | 89,476 | 910,883 |
| Unencumbered cash, end of year | \$ 808,731 | \$ 49,476 | \$ 858,207 |

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